

CHAPTER NO. 202

HOUSE BILL NO. 1361

By Representatives Head, Hood, Coleman, Cobb, Rowland

Substituted for: Senate Bill No. 1595

By Senators Trail, Ketron, Kilby

AN ACT to amend Tennessee Code Annotated, Title 67.

BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF TENNESSEE:

SECTION 1. Tennessee Code Annotated, Section 67-4-2109(c), is amended by adding the following as a new subdivision:

(3) Notwithstanding any provision of law to the contrary, the job tax credit provided in subsection (c) may be computed by a general partnership that establishes and operates a call center in Tennessee that is placed in service by such general partnership on or after June 30, 2003, and that would otherwise qualify for the job tax credit provided in this section; provided, that such credit shall first apply in the tax year in which the qualified business enterprise increases net full-time employment by four hundred (400) or more jobs, and shall then apply in those subsequent fiscal years in which further net increases occur above the level of employment established when the credit was last taken. The amount of the credit shall be computed under the provisions of this section as if the general partnership were subject to franchise and excise tax under title 67, chapter 4, parts 20 and 21. With respect to the general partnership tax year during which a credit is so computed, a partner in such general partnership that is subject to Tennessee franchise and excise tax and that directly holds a first tier ownership interest in such general partnership may take a percentage of such credit that equals the total amount of such credit for the general partnership multiplied by such partner's percentage interest in the general partnership on the last day of such general partnership tax year against such partner's franchise and excise tax liability for such partner's tax year that includes such last day. The job tax credit passed through from the general partnership to the first tier partner under this section shall, in the hands of the first tier partner, be subject to applicable provisions and limitations otherwise provided by this section including carry forward provisions; provided, that (i) in no case shall the credit or a carryover thereof be taken by a business entity unless it was a partner in the general partnership and subject to franchise and excise tax at the time the credit was earned by the general partnership and (ii) for purposes of subdivision (c)(2)(F), the percent of total franchise and excise tax liability of a partner which is allowed to be offset by such partner's share of a job tax credit computed with respect to a general partnership shall be determined with respect to the total number of Tennessee full-time employees of the general partnership at the end of the general partnership's fiscal year.

SECTION 2. Tennessee Code Annotated, Section 67-4-2009(4), is amended by adding the following as a new item:

(H) Notwithstanding any provision of law to the contrary, the industrial machinery excise tax credit provided in this subsection may be computed by a general partnership

that operates a call center in Tennessee that is placed in service by such general partnership on or after June 30, 2003, and that would otherwise qualify for the credit provided in Section 67-4-2109(c)(3). Such industrial machinery excise tax credit shall be computed as if the general partnership were subject to the excise tax. With respect to the general partnership tax year during which a credit is so computed, a partner in such general partnership that is subject to franchise and excise tax and that directly holds a first tier ownership interest in such general partnership may take a percentage of such credit that equals the total amount of such credit for the general partnership multiplied by such partner's percentage interest in the general partnership on the last day of such general partnership tax year against such partner's franchise, excise tax liability for such partner's tax year that includes such last day. The industrial machinery excise tax credit passed through from the general partnership to the first tier partner under this section shall, in the hands of the first tier partner, be subject to applicable provisions and limitations otherwise provided by this section including carry forward provisions; provided, that in no case shall the credit or a carryover thereof be taken by a business entity unless it was a partner in the general partnership and subject to franchise and excise tax at the time the credit was earned by the general partnership.

SECTION 3. This act shall take effect upon becoming law, the public welfare requiring it, and shall apply to qualifying partner's tax years ending on or after June 30, 2003.

PASSED: May 15, 2003



JIMMY RAIFEH, SPEAKER
HOUSE OF REPRESENTATIVES



JOHN S. WILDER
SPEAKER OF THE SENATE

APPROVED this 29th day of May 2003



PHIL BREDESEN, GOVERNOR